

# Memorandum



**Date:** August 28, 2006

**Attachment K**

**To:** George M. Burgess  
County Manager

**From:**   
Corinne Brody  
Special Assistant for Strategic Management Initiatives

**Subject:** Enterprise Resource Planning (ERP) System Roadmap

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In late March 2006 we transitioned to a new financial system at Aviation and Water and Sewer, replacing aged internal systems with newer, more robust technology which may be rolled out in subsequent phases for countywide use. Maximus has been serving as the integrator for this project to assist us in implementing Oracle's Peoplesoft ERP product. The implementation has been challenging for the two operating departments, our integration firm, the Employee Relations Department (ERD), which supported the automated time collection effort replacing paper Payroll Attendance Records (PARs) with automated time entry, and our Enterprise Technology Services Department (ETSD), which is hosting and will be maintaining the application. We have experienced post go-live processing issues and staff continues to work diligently to stabilize the applications and provide necessary financial reporting. Phase 2 of the implementation for these organizations; including grants, budgeting and program management, will not proceed until the departments are comfortable that the base financial applications are performing properly.

As part of our initial ERP project, we also initiated a project in ERD to implement the Peoplesoft Recruitment product and base HR system which would provide for enhanced personnel functions such as automated position control. Due to the complexity and far-reaching implications of the base HR application, we have scaled back the scope of the engagement to focus solely on bringing up the recruitment component. Adoption of new technology and dramatic change in human resource processes across the County will take time; and as we discussed, I believe this revision was necessary in order to ensure project success.

Concurrent with the outlined ERP implementations, in December of last year we engaged Accenture Consulting to develop a Roadmap to provide direction for any future ERP phased rollouts across our organization. The Roadmap Project included a benchmark analysis of the potential value the County could obtain by pursuing an ERP implementation coupled with a shared services strategy within selected areas of the organization. Under a shared services approach, world-class support functions are established as standalone entities that solely perform routine administrative transactional processes in a highly efficient manner. The Hackett Group, one of the premier benchmarking firms in the nation, completed the benchmark analysis which compares the costs for our back office operations to national industry data, both private and public, providing us context on how to proceed with ERP.

From the Roadmap benchmark work, we have identified potential cost saving and process improvement opportunities in using the new ERP technology to move our support functions (including finance, human resources and procurement) from a transaction-processing orientation to more of a strategic business decision making focus---however the technology to support this type of transformation obviously can not be implemented all at once. As you are aware, ERP system implementations are complex, with far reaching operational implications, commensurate risk and high costs.

The Roadmap report recommends proceeding with ERP in three phases. Phase 1 would comprise base financials (including general ledger, accounts payable, purchasing, cash management, project costing, grants and billing), Phase 2 would provide for extended procurement (including eProcurement, strategic sourcing and supplier contract management) and Phase 3 would include human resources functionality and payroll (including base and extended HR, Payroll, time and labor, workforce planning, eBenefits and eProfile). The outlined 4+ year effort to implement 18 product modules is significant with a total estimated cost approaching \$100 million. This estimate assumes full time County staff support for the project and backfilling existing positions as needed, hardware and related infrastructure costs and outside integration assistance. The Roadmap also recommends that we consider shared services approaches in selected areas, including accounts payable, recruiting and payroll time/attendance, and that we incorporate these approaches in our implementation strategy as we move forward. Over the next couple of weeks I will be meeting with our Finance, ERD, DPM and ETSD directors to establish a common understanding of the outlined approach and obtain their feedback.

Several members of the Board have expressed a desire to move ahead with a full scale roll-out of automated PAR processing. We have completed the initial implementation of automated PAR processing at Aviation and WASD. However, prior to proceeding it is critical we experience several months of error-free operations and also have the opportunity to verify that holiday processing and supervisory review of time are working accurately. I have also asked our Audit & Management Services Department (AMSD) to complete a security review to ensure proper controls are in place prior to further roll-out. Our Roadmap recommends sequencing human resource functions in the later years of the ERP project; however we will more fully analyze the timing and prepare a plan that may accelerate this component of the work. To implement this capability countywide will, however, require additional analysis, design and customized integration with our existing central legacy systems since the Oracle Peoplesoft ERP product is only installed at Aviation and WASD.

Our staff work is now focused on completing and stabilizing the initial ERP implementations and addressing key issues related to organizational readiness encountered in the current projects and outlined in the Roadmap. These areas must be addressed; otherwise success of any future implementation of this magnitude is unlikely. It is our goal to implement best practices as we transition to the new technology. Consequently, we must be prepared to provide for an internal dedicated project team, including both functional staff from the operating departments and technical staff from

ETSD, such that we can ultimately work as equal partners with a system integrator to adopt new changes in the way we do business. We must also invest in building a central ETSD department savvy at handling enterprise-wide implementations and capable of supporting and maintaining technology applications for countywide use. And we must adjust our governance process for how we lead and manage implementations of this magnitude. When we have adequately prepared and an integrator is selected, they must possess the relevant expertise in large scale implementations such as ours.

At the current time, we estimate that the earliest start date for continuing with the next phase of the ERP implementation would be 4<sup>th</sup> quarter of next year. As we have discussed, the project would be supported by a bond financing with payments beginning in fiscal year 2007-08. We have received the Accenture study and during the ensuing months we will be establishing a strategy and management structure for scaling up to hire team members and back-fill existing positions as needed, analyzing our infrastructure needs and technology staffing to support the project, stabilizing current operations at Aviation and WASD, and training additional staff in various departments (including AMSD, OSBM, Finance and DPM) to understand the product as implemented in Aviation and WASD.

In order to have further understanding of how shared services could be enabled by the ERP implementation, I recommend that Accenture continue to assist us in completing the development of an opportunity assessment and education in shared service concepts across our support functions. By doing this, we will have a defined strategy that will yield substantive results and also during the course of the project we will obtain further stakeholder buy-in for the timing and scope of subsequent phases. Upon completion of this assessment we will finalize the development of an integrator RFP to provide for the implementation of ERP coupled with shared services in selected areas. I will continue to keep you informed of further progress as we conclude this work; enabling the County to take advantage of ERP technology and shared services to enhance countywide business operations.